

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

IN RE:

TEXAS STANDARD OIL COMPANY

DEBTOR

§  
§  
§  
§  
§

CASE NO. 08-34031-H4-11

CHAPTER 11

**MS CRESCENT NINE GREENWAY SPV, LLC'S MOTION FOR  
ENTRY OF AGREED ORDER LIFTING AUTOMATIC STAY  
TO ALLOW SETOFF OF SECURITY DEPOSIT**

**THIS MOTION SEEKS AN ORDER THAT MAY ADVERSELY AFFECT YOU. IF YOU OPPOSE THE MOTION, YOU SHOULD IMMEDIATELY CONTACT THE MOVING PARTY TO RESOLVE THE DISPUTE. IF YOU AND THE MOVING PARTY CANNOT AGREE, YOU MUST FILE A RESPONSE AND SEND A COPY TO THE MOVING PARTY. YOU MUST FILE AND SERVE YOUR RESPONSE WITHIN 15 DAYS OF THE DATE THIS WAS SERVED ON YOU. YOUR RESPONSE MUST STATE WHY THE MOTION SHOULD NOT BE GRANTED. IF YOU DO NOT FILE A TIMELY RESPONSE, THE RELIEF MAY BE GRANTED WITHOUT FURTHER NOTICE TO YOU. IF YOU OPPOSE THE MOTION AND HAVE NOT REACHED AN AGREEMENT, YOU MUST ATTEND THE HEARING. UNLESS THE PARTIES AGREE OTHERWISE, THE COURT MAY CONSIDER EVIDENCE AT THE HEARING AND MAY DECIDE THE MOTION AT THE HEARING.**

**REPRESENTED PARTIES SHOULD ACT THROUGH THEIR ATTORNEY.**

**THERE WILL BE A HEARING ON THIS MOTION ON APRIL 14, 2009 AT 9:00 A.M. IN COURTROOM NO. 600, 515 RUSK AVENUE, 6<sup>TH</sup> FLOOR, HOUSTON, TEXAS 77002**

TO THE HONORABLE JEFF BOHM, UNITED STATES BANKRUPTCY JUDGE:

MS Crescent Nine Greenway SPV, LLC ("***Crescent***") files this Motion for Entry of Agreed Order Lifting Automatic Stay to Allow Setoff of Security Deposit (the "***Motion***"), and would respectfully show the Court as follows:

### **Jurisdiction**

1. This Court has jurisdiction to consider this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Consideration of this Motion is a core matter pursuant to 28 U.S.C. §§ 157(b)(2)(A) and (G). Venue of this Motion is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

### **Factual Background**

2. On June 26, 2008 (the “*Petition Date*”), Texas Standard Oil Company (the “*Debtor*”) filed a voluntary petition under Chapter 11 of Title 11 of the United States Code (the “*Bankruptcy Code*”).

3. On or about February 11, 2002, the Debtor as tenant, and Crescent Real Estate Funding III, L.P., predecessor-in-interest to Crescent (“*CREF*”), as landlord, entered into a lease (the “*Lease*”)<sup>1</sup> of non-residential real property located on the thirtieth (30<sup>th</sup>) floor of Nine Greenway Plaza, Houston, Texas 77046 (the “*Property*”). In conjunction with the execution of the Lease (and pursuant to Section 1(i) if the Lease), Debtors paid to CREF the sum of \$4,478.73 as a security deposit (the “*Security Deposit*”), which Crescent currently retains.

4. On October 16, 2008, the Court entered an Order Granting Debtor’s Motion to Extend Time to Assume or Reject Lease (Docket No. 51) (the “*Lease Assumption or Rejection Extension Order*”). Pursuant to the Lease Assumption or Rejection Extension Order, the time within which the Debtor may file a motion to assume or reject the Lease was extended through January 22, 2009. The Debtor vacated the Property on January 17, 2008, and the Lease was rejected effective January 22, 2009. Pursuant to § 502(b)(6) of the Bankruptcy Code, Crescent is

---

<sup>1</sup> The Debtor and CREF entered into that certain First Amendment to Office Lease dated February 20, 2004; and the Debtor and Crescent Real Estate Funding V, L.P. (predecessor-in-interest to Crescent) entered into that certain Second Amendment to Office Lease dated July 27, 2007; and the Debtor and Crescent entered into that certain Third Amendment to Office Lease dated May 20, 2008. For purposes of this motion, all references to the Lease shall be construed when appropriate to include the First Amendment to Office Lease, the Second Amendment to Office Lease, and the Third Amendment to Office Lease.

entitled to lease rejection damages of one years rent in an amount not less than \$83,024.94 (the “*Claim*”).

5. Accordingly, Crescent’s aggregate claim against the Debtor consists of (a) a secured claim for \$4,478.73, the amount of the Security Deposit, and (b) a general unsecured claim for an amount not less than \$78,331.01.

**Authority and Relief Requested**

6. Section 553(a) of the Bankruptcy Code provides in part:

Except as otherwise provided in this section and in sections 362 and 363 of this title, this title does not affect any right of a creditor to offset a mutual debt owing by such creditor to the debtor that arose before the commencement of the case under this title against a claim of such creditor against the debtor that arose before the commencement of the case . . . .

Thus, § 553(a) requires that debts must be (i) mutual, and (ii) arise pre-petition.

7. Both of these requirements are satisfied in this case because the Claim and the Security Deposit both arise out of a Lease that was entered into between Crescent and the Debtor well in advance of the Petition Date.

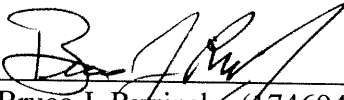
8. Further, § 506(a)(1) of the Bankruptcy Code provides that “[a]n allowed claim of a creditor . . . that is subject to setoff under section 553 of this title, is a secured claim . . . to the extent of the amount subject to setoff.” Accordingly, Crescent holds a secured claim in the full amount of the Security Deposit, \$4,478.73.

9. Based on the foregoing authority, Crescent requests that the automatic stay be lifted to allow Crescent to exercise its setoff rights with respect to the Security Deposit.

**WHEREFORE, PREMISES CONSIDERED,** Crescent respectfully requests that the Court (i) sign and enter the Agreed Order submitted in connection herewith, and (ii) grant Crescent such other and further relief which is just and proper.

Respectfully submitted,

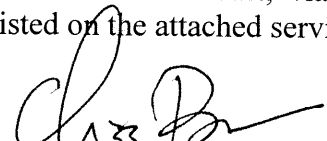
**JACKSON WALKER L.L.P.**

By:   
\_\_\_\_\_  
Bruce J. Ruzinsky (17469425)  
Chevazz G. Brown (24059498)  
1401 McKinney Street, Suite 1900  
Houston, TX 77010-4008  
713.752.4204  
713.308.4155 FAX

**ATTORNEYS FOR MS CRESCENT  
NINE GREENWAY SPV, LLC**

**CERTIFICATE OF SERVICE**

This is to certify that on this 26<sup>th</sup> day of March, 2009, a true and correct copy of the foregoing instrument was served electronically by the Clerk of Court, via email and/or via United States mail, postage prepaid upon the parties listed on the attached service list.

  
\_\_\_\_\_  
Chevazz G. Brown

**SERVICE LIST**  
**Case No. 08-34031-H4-1**

**DEBTOR**

Texas Standard Oil Company  
6575 West Loop South, Suite 455  
Bellaire, Texas 77401

**U.S. TRUSTEE**

Stephen D. Statham, Esq.  
U.S. Trustee's Office  
515 Rusk Street, Suite 3516  
Houston, Texas 77002

**DEBTOR'S COUNSEL**

Wayne Kitchens, Esq. / Heather McIntyre, Esq.  
HughesWattersAskanase, LLP  
333 Clay Street, 29<sup>th</sup> Floor  
Houston, Texas 77002-4168

**PARTIES REQUESTING NOTICE**

Bradley DeLuca, Esq./Brigid Ashcroft, Esq.  
Johnson DeLuca Kennedy, et al.  
1221 Lamar Street, Suite 1000  
Houston, Texas 77010

Lawrence F. Labanowski, Esq.  
Edward F. Mulholland  
Lawrence F. Labanowski & Associates  
3939 Essex, Suite 600  
Houston, TX 77027

John P. Dillman, Esq.  
Linebarger Goggan Blair & Sampson, LLP  
1301 Travis Street, Suite 300  
Houston, Texas 77002-7430

Philip G. Eisenberg / Mark A. Chavez  
Locke Lord Bissell & Liddell, LLP  
600 Travis Street, Suite 3400  
Houston, TX 77002

**CREDITORS**

Edward R. Ziegler, PE  
5063 Westheimer, Suite 810  
Houston, TX 77056

Langston Energy, LLC  
9 Greenway Plaza, Suite 3040  
Houston, Texas 77046-0919

Grimes Energy Company  
11 Greenway, Suite 2902  
Houston, TX 77046

Pat Johnson  
9 Greenway Plaza, Suite 3040  
Houston, Texas 77046-0919

Internal Revenue Service  
Centralized Insolvency Operations  
P.O. Box 21126  
Philadelphia, PA 19114-0326

PetroVal, Inc.  
2009 Huldy  
Houston, TX 77019

**SERVICE LIST**  
**Case No. 08-34031-H4-1**

Spagnoletti & Co.  
401 Louisiana, 8<sup>th</sup> Floor  
Houston, TX 77002

Timothy Roberson  
9 Greenway Plaza, Suite 3040  
Houston, Texas 77046-0919

Texas Standard Oil & Gas, LP  
9 Greenway Plaza, Suite 3040  
Houston, Texas 77046

TXS 498 Corp.  
9 Greenway Plaza, Suite 3040  
Houston, Texas 77046-0919

**PARTIES IN INTEREST**

Apache Corporation  
Robert Sergesketter, Esq.  
2000 Post Oak Blvd., Suite 100  
Houston, TX 77056

MS Crescent Nine Greenway SPV, LLC  
3 Greenway Plaza, Suite 110  
Houston, TX 77046

Buccaneer Resources LLC  
820 Gessner, Suite 1050  
Houston, TX 77024

Pitney Bowes  
P.O. Box 856042  
Louisville, KY 40285

Frankel Offshore Energy, Inc.  
5205 Pine Street  
Bellaire, TX 77401-4820

Sandalwood Exploration, LP  
1220 Augusta Drive, Suite 400  
Houston, TX 77057

Frankel Offshore Energy, Inc.  
c/o Philip Nizialek, Esq.  
1100 Poydras Street, Suite 3100  
New Orleans, LA 70163

Transco Exploration Company  
2800 Post Oak Blvd.  
Houston, TX 77056

Highbaugh Field Corp.  
1320 South Loop West  
Houston, TX 77054

**Davis Well**

Houston Energy, LP  
1415 Louisiana, Suite 2150  
Houston, TX 77002

Grimes Energy Company  
Attn: Mike Grimes  
1220 Augusta Drive, Suite 1218  
Houston, TX 77002

**SERVICE LIST**  
**Case No. 08-34031-H4-1**

Heritage Energy, L.L.C.  
Attn: Robert G. Lindberg  
205 West Maple, Rt. 30  
New Lenox, IL 60451

Weiser-Brown Oil Company  
Attn: Chris Weiser  
117 E. Calhoun  
Magnolia City, AR 71753

Island Drilling, L.L.C.  
Attn: Louis I. Schneider  
10260 Westheimer, Suite 200  
Houston, TX 77042

**High Island A552**

James L. Allen  
4019 Coleridge  
Houston, TX 77005

Energy Development Corporation  
Attn: D. W. Wohlfarth  
80 Park Place  
Newark, NJ 07101

Manti Resources, Inc.  
Attn: Tim P. Boyle  
800 N. Shoreline Drive, Suite 900 South  
Corpus Christi, TX 78401

Freeport Oil Company  
Attn: G.B. McBride  
P.O. Box 3038  
Midland, TX 79702

Roemer Interests, Ltd.  
Attn: Lamar Roemer  
35 N. Wynden Drive  
Houston, TX 77056

Transco Exploration Company  
Attn: Wade S. McAlister  
P.O. Box 1396  
Houston, TX 77001

Rosbottom Production Corporation  
Attn: Harold L. Rosbottom, Jr.  
2640 Youree Drive  
Shreveport, LA 71104

**Main Pass**

Sandalwood Exploration, L.P.  
Attn: C. Phil Fleming  
1220 Augusta Drive, Suite 400  
Houston, TX 77057

Andex Resources, L.L.C.  
Attn: Roy G. Anderson  
700 Louisiana, Suite 1100  
Houston, TX 77005

Square Mile Energy, L.L.C.  
Attn: Kerry G. Bonner  
5847 San Felipe, Suite 2940  
Houston, TX 77057

CDB Oil & Gas, L.L.C.  
Attn: Jerald P. Block  
422 East First Street  
Thibodaux, LA 70301

**SERVICE LIST**  
**Case No. 08-34031-H4-1**

Daubert-Howell Energy, Ltd.  
Attn: C. Robert Daubert  
4040 Broadway Street, Suite 515  
San Antonio, TX 78209

Texas Standard Oil Company  
Attn: Timothy M. Roberson  
Nine Greenway Plaza, Suite 3040  
Houston, TX 77046

Fairways Offshore Exploration, Inc.  
Attn: Paul A. Doyle  
9800 Northwest Freeway, Suite 500  
Houston, TX 77092

Weiser-Brown Oil Company  
Attn: Chris Weiser  
117 E. Calhoun  
Magnolia City, AR 71753

Grimes Energy Company  
Attn: Mike Crimes  
1220 Augusta Drive, Suite 1218  
Houston, TX 77002

Wolf Resources, L.P.  
Attn: Tom L. Dodds  
700 Louisiana, Suite 1100  
Houston, TX 77006

James L. Allen  
4019 Coleridge  
Houston, TX 77005

**West Delta 34**

Pesca Drilling, L.L.C.  
Attn: Louis I. Schneider  
10260 Westheimer, Suite 200  
Houston, TX 77042

Energy Development Corporation  
Attn: Dave W. Wohlfarth  
80 Park Place  
Newark, NJ 07101

Roemer Interests, Ltd.  
Attn: Lamar Roemer  
35 N. Wynden Drive  
Houston, TX 77056

Freeport Oil Company  
Attn: Charles Jeanfreau  
P.O. Box 3038  
Midland, TX 79701

Rosbottom Production Corporation  
Attn: Harold L. Rosbottom, Jr.  
2640 Youree Drive  
Shreveport, LA 71104

McMoRan Exploration Co.  
Attn: Andre V. Wogan  
1615 Poydras Street  
New Orleans, LA 70113

Sandalwood Exploration, L.P.  
Attn: C. Phil Fleming – Vice President, Land  
1220 Augusta Drive, Suite 400  
Houston, TX 77057

Pioneer Production Corporation  
Attn: Mr. Erle Mathis  
P.O. Box 2542  
Amarillo, Texas 79105



**SERVICE LIST**  
**Case No. 08-34031-H4-1**

Texas Exploration Company  
Attn: John R. Fletcher  
P.O. Box 1396  
Houston, TX 77001

Noble Energy, Inc.  
Attn: William F. Sims  
100 Glenborough, Suite 100  
Houston, TX 77067

The Continental Group, Inc.  
Attn: Spencer Schedler  
633 Third Avenue  
New York, NY 10017

Pioneer Natural Resources USA, Inc.  
Attn: Gulf Coast Land Manager  
1400 Williams Square West  
5205 N. O'Connor Blvd.  
Irving, TX 75039

**West Delta 34 Farmout**

Texas Standard Oil Company  
Attn: Timothy Roberson  
Nine Greenway Plaza, Suite 3040  
Houston, TX 77046

Forest Oil Corporation  
Attn: Vic Luszc  
1600 Broadway, Suite 2200  
Denver, CO 80202

Houston Energy, L.P.  
Attn: P. David Amend  
1415 Louisiana, Suite 2150  
Houston, TX 77002